

RESTRICTED

1288

PROBLEMS OF ECONOMIC MOBILIZATION

17 June 1947

147-148

CONTENTS

	<u>Page</u>
SPEAKER—Mr. Philip H. Coombs, Social Science Research Council, Washington, D. C.	1.
GENERAL DISCUSSION	40

THE INDUSTRIAL COLLEGE OF THE ARMED FORCES
WASHINGTON, D. C.

RESTRICTED

RESTRICTED

RESTRICTED

INDUSTRIAL COLLEGE OF THE ARMED FORCES

1947-1949

THE INDUSTRIAL COLLEGE OF THE ARMED FORCES

PUBLICATION NUMBER L47-149

RESTRICTED

RESTRICTED

RESTRICTED

1289

PROBLEMS OF ECONOMIC MOBILIZATION

17 June 1947

CAPTAIN WORTHINGTON: The speaker this morning is Mr. Philip H. Coombs. Mr. Coombs received his academic training at Amherst College, the University of Chicago, and the Brookings Institution, specializing in economics. Prior to the war he taught economics at Williams College, and served as consultant to Dunn & Bradstreet and other business organizations. From June 1941 until March 1943 Mr. Coombs held key positions on the staff of Leon Henderson in the OPA. He subsequently entered the military service and made important contributions in the economics and intelligence fields.

After VJ-day Mr. Coombs became economic adviser to the Director of Economic Stabilization and more recently has served as Deputy Housing Expediter. At present he is preparing the history of our wartime experience in economic stabilization, under the supervision of the Social Science Research Council and with the cooperation of the Department of Commerce.

CENTRAL PROBLEMS OF POLITICAL-ECONOMIC MANAGEMENT
IN THE STABILIZATION PROGRAM

POLITICAL-ECONOMIC CHARACTER OF THE STABILIZATION PROBLEM

The economic stabilization program of World War II represents the most far-reaching and heroic venture in political-economic management ever undertaken in the entire history of the United States.

Through a complex of detailed regulations the Federal government injected itself into the daily lives of all citizens and into the millions of daily transactions of private business with an intimacy never before attempted. Under this system of controls the judgments and decisions of a relatively small number of government officials were substituted for decisions ordinarily thrashed out by millions of individual buyers and sellers in the marketplace or by impersonal competitive forces beyond the control of any individual.

The stabilization program faced the challenge of managing the most powerful economic forces ever generated in our nation--forces which might well have proved self-destructive if not properly managed, but which fortunately resulted in the greatest production performance the world has ever witnessed.

Government as Arbiter in Distribution of National Income--But the problems of stabilization were political and administrative as well as

RESTRICTED

RESTRICTED

RESTRICTED

economic. Incident to its stabilization actions, the Government was obliged to assume the unpleasant role of arbiter in the intensely competitive process by which the national income gets divided among major claimant groups. In peacetime the shares of national income going to various groups had been determined largely by an infinite series of negotiations and transactions spread over the entire Nation. Powerful economic forces had been divided up and resolved in the thousands of collective bargaining negotiations between labor and management, in the individual bargaining between employer and employee, in the higgling and haggling over millions of transactions between buyers and sellers, and in the daily decisions of millions of businessmen, farmers and workers. But now these powerful economic forces, formerly dissipated over the entire economy, became translated and consolidated into political pressures, focused acutely upon a relatively small number of government agencies and officials. The provisions of stabilization and tax legislation, the standards which guided price and wage control, the application of subsidies, and the manner of applying other wartime controls, became major determinants of national income distribution--and became fighting issues. This situation made for a highly dynamic--not to say explosive--political situation. Achievement of a fundamental equilibrium among these strong political forces became a prerequisite to harnessing the economic forces effectively.

Two Crucial Problems of Political Economic Management.--In view of our national inexperience and immaturity in these matters, there is considerable cause for satisfaction--and amazement--that the undertaking was so successful, at least until hostilities ended. This success stands as a tremendous tribute to the general toughness of our democratic way of life; to the courage, ingenuity and intelligence of those public servants who managed the program; to the patience and good sportsmanship of American businessmen, workers, farmers and consumers; and possibly above all to the abundant dispensation of good fortune by a kind Providence. The premature disintegration and inglorious collapse of the stabilization program after military victory had been secured, however, suggests that as a nation we still have much to learn about how our political economy functions, about the difficult business of intelligent self-restraint, and about the delicate art of political-economic management.

The wartime stabilization experience--its successes and shortcomings alike--provides a wealth of guidance for the future, both in meeting the central economic issues of peacetime and in preparing against the contingency of another war emergency. To extract these vital lessons will require time and much effort.

The present discussion represents a modest effort to explore the territory surrounding two of the central and most difficult problems of political-economic management which confronted the stabilization program: one the problem of establishing a political as well as economic equilibrium among competing economic groups in the Nation, and two the problem of achieving inside the Government the formulation of an integrated stabilization program, and the coordination of various agencies to insure its effective execution.

RESTRICTED

1290

BROAD SCOPE AND IMPACT OF THE STABILIZATION PROGRAM

These problems had their origin in the broad character of the stabilization program--in the wide scope of its objective, in the variety and complexity of the controls it required, and in the ubiquitous impact of those controls.

The stabilization program is frequently viewed too narrowly. Its objective was not merely to prevent inflation--to cause various price indexes to pursue a more or less horizontal course. Its objective, with respect to the active war period, was to insure an economic environment conducive to prompt and full mobilization of resources, and to the most efficient utilization of those resources in producing a maximum of goods in the pattern required to fit war needs, including an appropriate division between military and civilian goods. With respect to the post-hostilities period, it was similarly the objective of the stabilization program to insure a set of basic economic relationships and magnitudes conducive to rapid reconversion and to the maintenance of a high level of postwar economic activity. These were the central economic objectives; their achievement was essential to the accomplishment of related social objectives. Thus, the success of the stabilization program must be judged by the total performance of the economy. For this purpose, the behaviour of production curves is more directly relevant than the behavior of price curves, though the two are related.

With regard to its composition, the stabilization program was similarly broad. It comprised a pattern of inter-related measures, including not merely price, rent and wage controls, but also tax and savings measures, rationing, credit controls, and production and allocation controls.

Because of its broad scope, the stabilization program was destined from the outset to become entangled with the basic economic interests of every individual and group in the Nation, and to be emmeshed in the policy decisions and daily operations of numerous government agencies.

PROBLEM OF ESTABLISHING A POLITICAL-ECONOMIC BALANCE

The central economic problems of this Nation's wartime stabilization program bear a close resemblance to those experienced by other major nations--allied and enemy; democratic and totalitarian states alike. But the political and administrative problems encountered in the United States were unique, and were the most difficult ones to solve. Our wartime stabilization program derived much of its complexion from the characteristics of our democratic system of government and our private enterprise system of production.

Political-Economic Competition Among Major Groups--One lesson stands out clearly: we live in a political economy, not merely a system of economic magnitudes and relationships. A vital form of competition which

RESTRICTED

characterizes our system--and which needs to be understood better and taken into account in public policy making--is the vigorous competition among major economic groups, essentially for larger shares of the total national income. This economic competition is reflected in the combat of the political arena--in the discussions and actions of Congress, in the public press, in the pleadings and bleatings and pressures of lobby organizations, and in the daily behavior of government agencies. This is what makes life for the economic stabilizer extremely challenging and at times highly unpleasant. This is what requires great competence and courage in political-economic management.

There is nothing necessarily sordid or regrettable about the fact that our national economic issues usually are dressed in political raiments, in war just as much as in peace. This is an indispensable ingredient of our democratic system.

Those who observe glibly that "we set aside our democratic freedoms in order to wage war efficiently" should look more carefully. Our democratic freedoms and institutions functioned vigorously during the war, and the competition of ideas which resulted contributed immeasurably to the efficiency of our economic performance. Never before, for example, has the democratic freedom of speech had a better workout, not alone by Leon Henderson and Chester Bowles but by their critics as well. Perhaps never before has the average Congressman been busier with the task of representing the interest of his constituents--not always the majority of his constituents, to be sure, but his constituents nonetheless. And never before have government officials been made more acutely and even painfully aware of how various groups in our Nation felt about what the Government was doing or might do. It is true that unprecedented powers were granted to the Executive Branch and these were exercised on an unprecedented scale, but their application was strongly conditioned by a vigorous democratic environment. This fact unquestionably had overwhelming virtues, but it was not without its difficulties.

In the atmosphere of rapidly rising wartime national income, the competition among major economic groups if anything became more intense than it had been prewar. The stabilization authorities were umpires in this contest. Their job presented hazards not unlike those of an umpire in a play-off game between the Brooklyn Dodgers and the New York Yankees. They had the difficult task of preventing this very competition from destroying the essential economic balance which was required to achieve the needed production results. Thus the central strategy of stabilization became that of establishing a political equilibrium--or basic compromise--among competing economic groups which would permit and be compatible with the stabilization of economic forces in the war economy.

The Seven Point Program--An Abortive Effort to Achieve a Political-Economic Balance.--The course of the stabilization program may be traced

RESTRICTED

1291

briefly in terms of this particular central problem. In the first phase of the program--from the outbreak of the European War in 1939 to the Seven Point Program in April 1942--the importance of achieving a political compromise appears not to have been given sufficient recognition and weight. The President's Seven Point Program of 27 April 1942, though it specified the principal conditions required to establish an economic balance, was largely abortive because it failed to gain the acceptance and support of the politically powerful agricultural and labor blocs and to stabilize the political-economic competition between them. The President's Seven Point Program called for: a broad freezing of prices and rents; stabilization of wages; action by Congress to permit more effective stabilization of farm prices; and to raise taxes; increased public savings by purchase of more War Bonds; rationing of essential scarce commodities; and discouragement of installment buying along with reduction of mortgages and other individual debts. Congress, influenced by farm bloc attitudes, ignored the President's request for legislation to permit more effective control of farm prices, partly because there was no conviction that the Administration was seriously prepared to halt wage increases. There was some basis for this Congressional skepticism; labor was as unreceptive to wage ceilings as farmers were to price ceilings. The principal action taken under the Seven Point Program was the issuance by OPA of the General Maximum Price Regulation--a major landmark in the stabilization program. This drastic action succeeded better than its own authors dared hope in curbing the strong upward thrust of nonfarm prices; but, in the twelve months following April 1942, farm prices increased another twenty percent and average hourly earnings in manufacturing industries as a whole advanced fourteen percent. The battle to harness wages and farm prices--through political compromise--still lay ahead.

"Hold-the-Line-Order" - A Foundation for Political Compromise and Economic Balance.--The second phase of the stabilization program--running from the Seven Point Program of April 1942 up to the "Hold-the-Line" order a year later--was characterized by a series of crises and a desperate struggle to establish an economic balance and effective coordination of the program. During this period the need for a basic "political equilibrium" finally became recognized as a central problem. The stabilization program was nearly wrecked in the process. By summer of 1942 it was evident that the President's Seven Point Program had not succeeded. The farm bloc had successfully resisted the Administration's efforts to achieve tighter price control on farm products; the administrative agencies were split wide-open on the issue of wage control and labor leaders were bitter over the persistent efforts of Price Administrator Henderson to force the issue; businessman, though generally enjoying good profits under price ceilings, resented having to undergo the inconveniences of price control while farmers and labor were largely spared from such restrictions.

RESTRICTED

RESTRICTED

In his Labor Day speech of 7 September 1942, the President demanded of Congress--in some of the strongest terms ever employed by the Chief Executive speaking to the Legislative Branch--that legislative action be taken to permit effective control of farm prices. During the month of September 1942, political temperatures ran high on all sides. In the face of strong public opinion Congress reluctantly took this action but coupled it with a mandate to the President to establish wage controls and to halt the upward movement of prices and wages generally. The Stabilization Act of October 1942 provided the legal basis for somewhat better price control of farm products, forced the institution of wage and salary controls over virtually all types of employment, and was followed quickly by the establishment of the Office of Economic Stabilization. But it left no one happy; there was still no broad acceptance of the stabilization program by the major political-economic groups of the Nation. Indeed, by the time Leon Henderson turned in his uniform at the end of 1942 every major group--organized farmers, business and labor alike--was actively attacking the stabilization program and particularly the man who symbolized it. The Democratic election reverses in the fall of 1942 were widely attributed by party leaders to the manner in which Henderson had handled the stabilization problem.

This was no reflection upon Henderson. He had accomplished the indispensable and thankless task of forcing every major economic group into a harness of direct stabilization controls--and they did not thank him for it. He personally had borne much of the political brunt. He was not surprised at the consequences to his personal position for he had predicted his demise months earlier. This demise could be regarded, from one point of view, as a gratifying measure of success.

Under the economic circumstances of 1942, any one of the major economic groups could have profited--temporarily at least--if the controls over its activities had been loosened or lifted while controls over the activities of competing groups had been held tight. It was characteristic of these groups, and particularly of the organization spokesmen who purported to speak for them, to ignore or grossly underestimate their own importance and responsibility for maintaining the integrity of the general economic balance. Each group felt frustrated in the face of what appeared to be a golden opportunity. Each group, though more prosperous than ever before, was desirous of prospering even more. But the plain fact was that the necessary economic balance could not be preserved if any one of these groups was not held reasonably in line. Henderson had come to understand this well and had displayed the political courage to act upon this understanding. He had accomplished much, but he and the rest of the administration had not yet achieved a basic political compromise, the sine qua non of a stabilization program in our political economy.

RESTRICTED

RESTRICTED

After Henderson's departure there followed a brief and deceptive calm. It was the proverbial calm before the storm, a potentially disastrous political-economic storm. Henderson was succeeded by ex-Senator Prentice Brown who had steered the price control legislation through its difficult Congressional course. Brown was a mild mannered friend of price control, by no means fully aware of its operating difficulties, but anxious to please. Each group at first heaved a sigh of relief to have Brown's tough minded predecessor off its back and to have a new Price Administrator who seemed understanding and sympathetic. Each group anticipated change-over to a "soft" stabilization policy and endeavored to make the most of it. But it soon became clear that a stabilization program must be built of tough fibers; a soft policy involving concessions on all sides would soon mean no policy at all.

In less than three months after Henderson's resignation the stabilization program was up against another major crisis. The farm bloc was resisting price control on foods, while labor was screaming against the injustices of wage controls unaccompanied by an effective stabilization of living costs. Business protested that the "Henderson boys" were still in the saddle; that the "professors and lawyers" were trying to achieve social-economic reforms under the guise of price control through such devices as grade-labeling. The Office of Price Administration--torn by internal conflicts and dissension over the issue described by some as "a soft policy versus a tough policy"--was threatened with collapse, and with it the stabilization program.

It was to meet this grave situation that the "Hold-the-Line" order of April 1943 was issued. This sweeping executive action--unquestionably the most outstanding accomplishment during Justice Byrnes' career as Director of Economic Stabilization--said in effect that every economic group--business, labor and farmers alike--would have to stay put in the economic position in which they then found themselves. This action became the core of the political compromise which enabled the economic stabilization program to remain reasonably intact up to VJ-day. It was not a negotiated compromise; it was forced upon unwilling parties with all the political strength of the Administration. It was accepted reluctantly--but it was accepted. Possibly the same result could have been achieved much earlier had there been a fuller recognition of the problem and a better appreciation of the importance of strong action regardless of the political risks. The political risks may have been overestimated. Opinion polls showed consistently, for months before the "Hold-the-Line" order, that the public was favorable to a "tough" stabilization program. The polls showed, moreover, that farmers, workers and businessmen throughout the country were far more willing to accept their share of restrictions than one was led to believe from the loud and pained cries of their "spokesmen" on the political front. In any event the conditions were relatively more favorable to such a compromise by April 1943. Every economic group was prospering; none could seriously hope to fare substantially better; the brief period of "soft" policy had provided a striking demonstration of the

RESTRICTED

RESTRICTED

We are now launched on a program of finding out what the people of this country know about England, and what they think about English people; what they know about the current problems and issues of that nation; what they know about the history of England. We are making the same survey in reverse in England--finding out what the people in England think about the people in the United States. That study has not been completed. Incidentally it embraces some 90 questions, which brings up an interesting point regarding the length of interviews.

In one survey that we started some years ago, each interview required four hours. The questionnaire contained 384 questions, not counting parts. We got every fact we could about the person being interviewed. The amazing thing to me was that it was the only survey I have ever had anything to do with where people actually called our interviewers to ask if they could come to interview them.

We just let them talk about themselves. Our purpose was to find out what made a communist; what made a democrat; what made a republican. Given a set of factors, religions, and all these other things, could one predict the political view of a person? As a result of this study I am absolutely convinced that it can be done with great accuracy.

If you really want to learn the problems of polling it is just as necessary for you people to go out and do some interviewing as it is for any officer to spend at least some time in the front lines. You cannot understand the problems of the interviewer unless you yourself have done some interviewing. I don't get out as often as I would like to, but I do try once or twice a year to take three or four days and go out and knock at doors and push door bells.

I would like to take a few minutes on the subject which ought to be dear to your hearts: the attitude of people towards the Armed Forces. I would like to say in the beginning that you people can thank God that the people of this country are on your side. They have always been very strongly promilitary in this Nation during our day.

I am always amused when I see statements in the press that someone is afraid that the Army will get too much power in this country and that this may lead to a military dictatorship. I am amused because there is absolutely nothing in the whole history of public opinion polling that would substantiate that view. You people don't have to worry about the fears that the people will think the Army is getting too strong and is wielding too much power in the country. And it is inconceivable to me that opinion is going to change to the contrary.

One of the first polls we took in this business was on the question of appropriating more money for the Army and the Navy. This was back in October or December 1935. We found in that very early poll that the people were strongly in favor of increasing appropriations of the Armed

RESTRICTED

Forces. This was at a time when Congress was going exactly in the other direction. But the people not only wanted a strong Army and Navy, they wanted a strong air force. Voters in that early time had an idea that the Air Forces would be extremely important in the next war, and you gentlemen may remember that there were a great many people in the Army and the Navy who weren't quite certain about it.

In 1940, you may recall that Institute polls were the first to say that the public would support peacetime conscription. I take a great deal of pride in that particular survey because, so far as I know, it was the first time that the subject had been brought up. No man in political life, no writer, no columnist--with, I think, one exception--had ever mentioned the possibility in that year of peacetime conscription. During the war years, there was no step this country took which the public hadn't approved weeks and months before Congress. The people were for changing the Neutrality Act; they were for Lend-Lease; they were for the deal of destroyers for bases; and they were for these, as I say, long before Congress adopted them or put them into legislation.

Now the important thing--and, as I understand it, one of the chief things with which you are concerned here--is this whole problem of manpower mobilization. You may be familiar with our figures, but I think that it may be worthwhile for me to underscore again some of the things we learned in these wartime polls.

In every study that we made--and we made them at almost monthly intervals during one stage of the war--we found a substantial majority of the people of the country willing and ready to support civilian mobilization or war manpower conscription.

I figured once that as of the period 1942-1944-1945, the manpower needs of this country devoted to the war effort could have been increased at least one-fifth. As a matter of fact, I think that many persons had a sort of frustrated feeling during World War II, that they weren't called on to do something. It was almost our daily experience to find people wanting to help with nobody to tell them what to do. Of course, some people in isolated communities probably could do nothing, but the fact remains that the people of the country were ready to do a lot more than they were asked to do.

The one thing that people ask and demand, is that sacrifice be shared equally. So long as there is anything approaching equality of sacrifice, you can get the people of this country to do almost anything. You can get them to pay more taxes; you can get them to do anything for the public good. So, come the next war, I think you people can count on utilizing the efforts of the citizens of this country to a far greater extent than was true in the late war.

RESTRICTED

We come to the question, finally, of universal military training, which is an issue in which you probably have more than an academic interest. Practically every six weeks or two months for the last couple of years we have polled the country on the question of universal military training, and we have found the people invariably in favor of it; not only the people, but we have found that the parents of children who would be concerned are in favor of it. Believe it or not, every time we have ever polled the young men, we have found them also in favor of it.

The funny thing is that when occasionally a Congressman polls on the same subject, he gets almost exactly the same answer as we do. You may recall that Congressman Corbet of Pittsburgh got the names of all the voters in Pittsburgh, or took every fifth name off the registration list, and polled those people. He is one who had thought the public was against universal military training. In his own district, when he polled these people, his figure was almost exactly the figure we had reported a week or two before for the whole country.

We, in this country, are always faced with one great political fact. I refer to the many minority pressure groups, which have such great power. Particularly I refer to the letter writers. The letter writers, with one possible exception, have always been on the wrong side in every important piece of legislation that has come up in recent years. Ever since we started in the business, our results prove that the people who write letters represent minority points of view.

When conscription first came up, letters were 20 to 1 against it. In the case of Lend-Lease, as I recall, the study of Congressional mail made by the Public Opinion Quarterly showed something like 19 to 1 against.

Now, the interesting thing is that the letter writers have been disregarded in every other field. There was a time in radio when they counted the mail to find out which show got the most letters, and whether a certain radio star was mentioned more than another, and so on. Well, that system was abandoned at least ten or twelve years ago. It has been abandoned in every field except right here in this political field in Washington.

In addition to pressure groups and their letter writers, another problem arises out of mental inertia. Congressmen once were told that the Middle West was isolationist. That is one of those great delusions that gets accepted because it is constantly repeated. Coming down in the train this morning a friend of mine said, "This country will never accept peacetime conscription." That is just one of those hoary phrases that gets repeated and repeated. And it has absolutely no validity. It cannot be supported with any bit of evidence.

RESTRICTED

Now in the remaining couple of minutes I would like to emphasize a few other uses of this method that I think have real importance to you and to the Army. Scientific sampling provides one of the most useful techniques ever devised by man. I think one of the next fields that will be explored is the field of public health. In Denmark our polling affiliate has just made a study on the incidence of rheumatism and venereal disease. In England a monthly health survey of the whole population is conducted. I brought back with me the first report based on this study. The British Institute of Public Opinion weighs 12,000 people every three months to see the effect the British diet is having on weight and health.

In the field of cancer, infantile paralysis, and other diseases, epidemic and otherwise, a great many facts can and will be discovered by polling.

One of the most interesting studies that we ever made was one on the subject of happiness. One evening a friend of mine asked me if we could find out who the happiest people are in the United States. I told him that I didn't know, but that I was willing to try. So we worked out a study--a questionnaire with some 20 or 30 questions--probing every aspect of this problem. We surveyed a cross section of the whole population, and if you are interested I might tell you one or two facts that came out of it.

We found the people who were religious were happier than the people who weren't. I mean by that the people who are deeply religious are happier than the people who don't go to church. We found people living within sight of mountains are happier than people living on the plains. I don't know why that is true. We found nearly everyone thinks he would be happier if he had more money, and when you go into that, you find that they all want about one-third more.

Nearly everyone thinks he would be happier if he had more education, and yet people with more than an eighth grade education--the people who have gone to college--are no happier than those who have only gone to high school. The unhappiest people in the country are the people who work in factories in big cities. It is rather interesting to note that labor unions have been most successful in organizing those groups of our population who are the least happy.

We repeated this same study in France and we found that, whereas in this country about thirty-five or forty percent of the people think of themselves as very happy, and only ten or fifteen percent think of themselves as unhappy; the exact reverse is true in France. We found that about ten or fifteen percent regard themselves as very happy, and about forty percent as unhappy. When we cross-correlated the data, we found that the great bulk of the unhappy people in France were communists.

RESTRICTED

RESTRICTED

1306

I don't have time to speak about all of the interesting work that is going on in the field of motion pictures, books and all where these same techniques are being applied to discover the public's interest in story ideas, in titles, in charting publicity penetration and in forecasting the actual sales of books, and box office grosses, because these are outside of the scope of this particular lecture.

I have two or three questions that have been given to me. I think I can answer them very briefly. The first one is this: "What do you think is the ethical responsibility of a scientific public opinion reporter or attitude researcher in reporting his findings, should he state the question exactly as asked?"

The answer, of course, is that he should, and I think it is the universal practice to do that. We have a ruling in our organization that the question must always be reported exactly as asked so that anyone who is reading the report will be able to judge for himself whether or not he thinks there is any bias.

"Should he state the size of the sample?" We all shy away from stating the size of the sample. I think maybe we made a mistake in the beginning in not stating in every story the size of the sample. Our reasoning in the beginning was that we would get no acceptance at all if we stated the size of the sample. Particularly, we would get no acceptance from persons who have the delusion that you have to interview millions of people before your results have any significance whatsoever. I have a feeling now that the public is sufficiently well educated so that we probably could state the size of the sample. It might be dull to report this information in every story, but we might do it more often than we do.

"Should you give the date of the survey?" I think that should be done. We don't always do it. We do it when an issue has come up--when something has come up between the time we have made the survey and the time the report is made.

"What sort of clauses do you have in your contracts with newspapers which prevents them from distorting the issue?" We have a very strictly worded paragraph in every contract which permits us to cancel any contract with any newspaper in the event that our findings are distorted in any way. I might add this, that in all the years we have been operating we have never found any instance of a newspaper deliberately distorting our findings. We don't have anything to say about the headlines. Occasionally a newspaper will give a headline what seems to be a strong partisan slant, but because of the mechanics of newspaper making we simply can't govern that. So we have nothing to say about the headlines. We give them a suggested headline but, as I say, because of the mechanical requirements, they can't always follow that.

RESTRICTED

RESTRICTED

Finally, "Is there any national organization that sets up any standard of ethics for polling?" No organization has done that. There is no organization in this country, really, which could do it. We are having a meeting at Williamstown in September of all people in this country who are interested in polling to set up standards.

COLONEL NEIS: What is the widest variation you have had in the form of error?

DR. GALLUP: I think the biggest error we ever had in our history was an error of fifteen percent. This was in a state election which was held at the same time as a Presidential election. What we learned is that it is almost impossible to forecast the division of the vote for candidates farther down on the ticket. You can forecast the division of the vote for the Presidential candidates, but what happens in many states is that voters too often vote a "straight" ticket during Presidential elections. Whenever they do that, they make a real problem for us. I think that is the greatest error we have ever had in any poll. The average error in our work for the last five years, as I recall, is about 2.9 percent.

MR. MASSELMAN: Do you ever make any comparisons between editorials in newspapers and the same issues that you polled, and, if so, to what extent do they differ from yours?

DR. GALLUP: There is an organization in the country, which draws a sample of opinion from the newspapers, but I think you would find that our results, in the political realm, do not correlate highly with views expressed editorially in the newspapers. In the last election eighty-four percent of all the daily newspapers in the country supported Dewey. I would guess that about eighty percent of them take a republican point of view in Presidential elections.

At least there is this evidence that politically newspapers are not representative of opinion throughout the country. Whenever political opinion is reported, then our results are not likely to correlate very highly with newspaper opinion; but on many other issues they would.

A STUDENT: Can you tell us how a sample is constructed, Dr. Gallup?

DR. GALLUP: Putting it very briefly it can be constructed in either of two ways. One is called "quota sampling," which requires that every segment or major group of the population is properly represented.

In other words, you have to select these people so that, not only is each group properly represented, but the divisions within the group are properly represented.

RESTRICTED



Coast Guard

What's Past Is Prologue

Experience Should Guide Us in the Unrestful Future



by

Bernard M. Baruch



"Bravery or resources will not overcome an enemy who has destroyed us"

Time has tested the formula and found it good. It will be equally true of our next war, which the fates forbid. It reads as follows:

Outline of Action

"Wars are fought and won—or lost—on the land, on the water, in the air, and on those battle lines behind the front where the civilian forces stand.

"It is not enough to mobilize the Nation's military strength. There must

the American industrial structure by the war.

"Further, the Board regulates all and controls certain other industries of first-rate war importance; it fixes prices through the price-fixing committee; it creates new and converts old facilities; it clears the national business requirements; and it leads to conservation, which is needed to bridge the gap between the extraordinary demand and the available supply. A cap which is

MY experience in two world wars, the aftermaths, and the endeavors to make a lasting peace make me marvel at the regularity with which errors are repeated.

At my first meeting with the then Under Secretary of War, Robert Patterson, he asked: "Why is it that we don't start off where we finished in the last war? Why don't we adopt what was learned?" Later, the Under Secretary of the Navy and others propounded the same question.

They may have had in mind, among other things, an outline of action that we drew up at the War Industries Board covering America's participation in the first World War. I sent it to President Wilson, and he accepted it as the mandate for the Nation's existence. It is as true today as it was on November 10, 1918—thirty years ago.

This article is based on an address delivered by Mr. Baruch before the Industrial College of the Armed Forces, Washington, D. C.

... must be a mobilization of her full economic resources—industrial, agricultural, and financial. These must be organized, coordinated, and directed with the same strategy that governs the operations of the purely military arms of service.

"The prodigious strain upon the world's productive capacity must be met and balanced to provide the means of warfare and to maintain the civilian population as well as to preserve the economic fabric.

"To control and regulate industry in all its direct and indirect relations to the war and to the Nation, the President has created the War Industries Board and placed the responsibility for its operation in the hands of the chairman. . . .

"It is not only the duty of the War Industries Board to stimulate and expand production in those industries making war essentials; it is equally the Board's duty to protect, as far as may be, those industries not immediately essential to the war program.

"The War Industries Board is a method of control devised by the President to equalize the strain placed upon

the available supply—a gap which exists in almost all the great commercial staples.

"The War Industries Board embraces all and each of the Nation. Food and fuel are separately administered, but with every other article of military need and of ordinary life the Board has a direct connection, and it has a basic relationship with food and fuel, too, for both require in production and distribution the materials that the War Industries Board provides. Its strength lies in the full and patriotic coöperation that American business, including both the employers and employees, gives in working out the problems common to us all.

"The abnormal conditions of the war demand sacrifices. It is the price of victory. Only actual needs, not fancied wants, should and can be satisfied. To save heavy and long privation, temporary deprivation must be the rule. America's willingness to accept these conditions marks her ability to quicken the end of the conflict."

Despite all the foregoing learned in World War I, many of the same mistakes were made over again in World

Reprinted from the September-October, 1947 issue of

Ordnance

*The Journal of the Army Ordnance Association
705 Mills Building • Washington 6, D. C.*



Coast Guard

What's Past Is Prologue

Experience Should Guide Us in the Unrestful Future

by
Bernard M. Baruch

"Bravery or resources will not overcome an enemy who has destroyed us"

MY experience in two world wars, the aftermaths, and the endeavors to make a lasting peace make me marvel at the regularity with which errors are repeated.

At my first meeting with the then Under Secretary of War, Robert Patterson, he asked: "Why is it that we don't start off where we finished in the last war? Why don't we adopt what was learned?" Later, the Under Secretary of the Navy and others propounded the same question.

They may have had in mind, among other things, an outline of action that we drew up at the War Industries Board covering America's participation in the first World War. I sent it to President Wilson, and he accepted it as the mandate for the Nation's existence. It is as true today as it was on November 10, 1918—thirty years ago.

This article is based on an address delivered by Mr. Baruch before the Industrial College of the Armed Forces, Washington, D. C.

Time has tested the formula and found it good. It will be equally true of our next war, which the fates forbid. It read as follows:

Outline of Action

"Wars are fought and won—or lost—on the land, on the water, in the air, and on those battle lines behind the front where the civilian forces stand.

"It is not enough to mobilize the Nation's military strength. There must be a mobilization of her full economic resources—industrial, agricultural, and financial. These must be organized, coordinated, and directed with the same strategy that governs the operations of the purely military arms of service.

"The prodigious strain upon the world's productive capacity must be met and balanced to provide the means of warfare and to maintain the civilian population as well as to preserve the economic fabric.

"To control and regulate industry in all its direct and indirect relations to the war and to the Nation, the President has created the War Industries Board and placed the responsibility for its operation in the hands of the chairman. . . .

"It is not only the duty of the War Industries Board to stimulate and expand production in those industries making war essentials; it is equally the Board's duty to protect, as far as may be, those industries not immediately essential to the war program.

"The War Industries Board is a method of control devised by the President to equalize the strain placed upon

the American industrial structure by the war.

"Further, the Board regulates all and controls certain other industries of first-rate war importance; it fixes prices through the price-fixing committee; it creates new and converts old facilities; it clears the national business requirements; and it leads to conservation, which is needed to bridge the gap between the extraordinary demand and the available supply—a gap which exists in almost all the great commercial staples.

"The War Industries Board embraces all and each of the Nation. Food and fuel are separately administered, but with every other article of military need and of ordinary life the Board has a direct connection, and it has a basic relationship with food and fuel, too, for both require in production and distribution the materials that the War Industries Board provides. Its strength lies in the full and patriotic cooperation that American business, including both the employers and employees, gives in working out the problems common to us all.

"The abnormal conditions of the war demand sacrifices. It is the price of victory. Only actual needs, not fancied wants, should and can be satisfied. To save heavy and long privation, temporary deprivation must be the rule. America's willingness to accept these conditions marks her ability to quicken the end of the conflict."

Despite all the foregoing learned in World War I, many of the same mistakes were made over again in World

Reprinted from the September-October, 1947 issue of
Ordnance

The Journal of the Army Ordnance Association
705 Mills Building • Washington 6, D. C.

War II. Faltering step by faltering step, we moved toward controls, but those controls were never sufficient and far-reaching enough. If they had been applied immediately, many lives would have been spared, our casualties lowered, and billions saved.

Also, as a result of piecemeal price control, we are now faced with inflation which, next to human slaughter, maiming, and destruction, is the worst consequence of war. It creates lack of confidence of men in themselves and in their Government. If, from the beginning, there had been an effective, over-all price-control law including everything—regulation and control of all prices, wages, rents, and food—there would have been a quicker ending of the war, a lessened cost, and less dissatisfaction among all classes.

But, after having granted favors to one class, group after group fought for favors until we found ourselves upon economic stilts. Then restrictions were removed while peace was still distant. Although the shooting war is over, we are in the midst of a "cold war."

The armed forces had an M-day plan which would have saved precious lives and the wasted wealth, but they were not permitted to put it into effect. We were told this was a different kind of war, and none of that "old World War stuff" was wanted.

No Time To Improvise

We are now making plans again. We have studied the results of the last two wars. I would like to see definite plans and blueprints ready to be drawn out, as they were ready before, with a public better educated as to our total war needs. With the new instrumentalities of mass destruction we will not have time to improvise. Bravery or resources will not overcome an enemy who has destroyed us.

War preparations must be governed by a desire for peace and security. The armed services today have to be versed not alone in war but in government, politics, the humanities—economic, social, and spiritual. We know our country has no will for war; it has the will for peace. Thus, preparedness takes on the symbol of peace.

Here is the minimum program that should be placed upon the statute books, ready to function, should war come:

1. Mobilize the full might of America—militarily, economically, and spiritually.

2. Have universal military training.

3. Have all men and women subject to mobilization with a work-or-fight clause. The same applies to every profession, science, calling, craft, industrial and agricultural effort, including labor of all kinds. In other words there should be a pool of all our man power—brains and brawn—ready to be tapped at any moment for war purposes.

4. Have an industrial plan ready to go into effect with full control of production, distribution, and prices, with the power of allocation, priority, and even exclusion for everything. The wisdom with which we organize our resources—men, money, and materials—will make winning morale.

5. Take the unfair profits out of war and prevent inflation through an over-all price-regulation, tax, and savings program. There must be only enough profit to keep our economy and production going. That cannot be done by favoring any one segment of our society.

6. While we must keep our civilian structure alive, skeletonize by restricting materials and man power for unnecessary wants. In the last war too much went for wants rather than needs.

7. Have an organization to export materials in demand by other nations and to buy the things our Nation needs or desires to keep from enemy hands.

8. Accumulate critical imports.

9. Retain war plants, particularly synthetic-rubber plants.

10. Intensify scientific research.

11. Have a standard form of contract set up now.

12. Have an Intelligence Service enlarged far beyond what now exists.

13. See that information and propaganda are organized, gone over, and continually improved to be ready when action demands.

14. Until some effective international guarantee of security has been established or resort to war eliminated, we cannot disregard the dangers inherent in developing mass housing in cities. Surveys must be made of underground industrial establishments, refuge for civilians, and dispersal of populations.

15. These organizations should be planned in considerable detail and gone over every three or six months by the National Resources Board. Competent men should be trained to fill the key positions. The Chiefs of Staff should

make recommendations to the Resources Board for such changes as they deem wise and necessary. Setting up of industrial and social machinery should not be left until M-day.

16. All organizations should be continually in contact with the proper Congressional committees, keeping them in touch with defense plans. The American people must be taken into the fullest confidence. They will do anything required of them if they are told why. Do not try to fool them.

Universal military training must be regarded as the apex of a pyramid grounded upon the broad bases I have outlined above. It has neither purpose nor effect except as part of such a structure. To believe that our national security can be assured through universal military training alone is to deceive ourselves and to waste the precious time of our youth. Only if combined with a sound and comprehensive program for our national security can it be really effective.

Hemispheric Training

And I stand with the Secretaries of State, War, and Navy and the Chiefs of Staff of both services in favoring uniform hemispheric training and armament. We should make South, Central, and North America a complete unit.

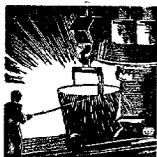
We face a future that is unrestful but not alarming. I see no war with Russia as an immediate threat. With others of my countrymen, I feel deep irritations, but I do not fear explosions.

We have been just and generous, but there has been a lack of coöperation on the part of those whose friendship we solicit. Perhaps they expect our economic collapse. If so, they will be disappointed. We shall continue long after their experiment has failed.

We dedicate ourselves to the individual. The others elevate the State into a godhead.

But in the cold war that is being waged against us we must always remember that their objective is our unrest. We can guard against that by a firm belief in ourselves, under the magnificent flowering of our century and a half of national life.

We resent the continued efforts of Russian sympathizers to change our system of government and life. But we can make ourselves secure against their machinations by bettering our conditions. That, we are doing, slowly but surely.



RESTRICTED

1307

The other method is called "area sampling."

Most people in commercial fields use quota sampling. We are trying right now to work out a system which preserves the reliability of the random or area method, and the quota method.

A STUDENT: Has there ever been any sort of poll made which might express the feelings of people in regard to the use of the atomic bomb in any future war?

DR. GALLUP: Well, we have asked a great many questions on the atomic bomb. I am not certain if we have ever had one on its use in a future war. Most of the polls we have had have concerned this question of whether or not we should give the secrets to other nations, and so on.

GENERAL MC KINLEY: Thank you very much, Dr. Gallup, for your most informative talk. Thank you very much indeed.

(21 July 1947--450)S.

RESTRICTED